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To: Representative Steve Dargan, Chair, Public Safety Committee  
Senator Joan Hartley, Chair, Public Safety Committee  
Representative Jan Giegler, Ranking Member, Public Safety Committee  
Senator Tony Guglielmo, Ranking Member, Public Safety Committee  
& other distinguished members of the Public Safety Committee

From: Anne Noble, President and CEO, Connecticut Lottery Corporation (CLC)  
860-240-2816, anne.noble@ctlottery.org

Re: Support for HB 6280: AAC Interactive On-Line Lottery Games

Date: February 22, 2011

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Good morning Chairpersons Dargan and Hartley, Ranking Members Giegler and Guglielmo and other distinguished members of the Public Safety Committee. My name is Anne Noble, and I am the President and CEO of the CT Lottery Corporation. I am pleased to be here today to speak in support of HB 6280: AAC Interactive On-Line Lottery Games.

This bill authorizes interactive on-line educational and promotional marketing programs and will allow the CT Lottery Corporation to offer our players an exciting, innovative and modern website experience consistent with our peers in the industry. Players would have the ability to better understand lottery games by simulating their playing experience with their mouse and keyboard. In addition, this bill will also allow us to offer an interactive player rewards program. In such programs, players can play games to earn points to acquire merchandise or participate in promotional drawings. And further, players would be able to play fun free games for entertainment, boosting traffic and interest in our website and for our products. **Importantly, this bill does not authorize internet wagering and, in fact, the bill maintains our current prohibition on selling lottery games over the internet.**

Most other state lotteries<sup>1</sup> already offer similar types of interactive programs on their websites, and we know that other state lotteries are in the process of developing them. In fact, the packaging of interactive educational and promotional fun on many lotteries'

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<sup>1</sup> These states include: AK, CO, DE, DC, ID, IN, IA, KA, KY, LA, MA, MI, MN, MO, MT, NE, NH, NJ, OK, PA, RI, SC, SD, TN, VT, WA, WV and WI.

websites is often called a “players club.” In addition, at least one Connecticut radio station, WTIC 1080, has a players club where their listeners earn points by playing games or by identifying the word or newsmaker of the day. There are countless other industries today that offer successful promotional rewards programs including the banking and financial, airline and retail industries. According to one study, customer spending is 46% higher with companies that offer similar reward card programs.<sup>2</sup>

This bill is important to the future of the Connecticut Lottery Corporation. Our mission is to “raise revenue in an entrepreneurial manner for the State of Connecticut, consistent with the highest standards of good public policy and social responsibility, by offering products to our players that are fun and entertaining and by ensuring the public's trust through integrity and honesty.” Offering interactive education and promotional programs on a vibrant up-to-date website is clearly consistent with this mission and, in fact, vital to remaining relevant and profitable in an ever-changing and evolving marketplace.

The CT Lottery Corporation is the fourth oldest lottery in the country, seventh in total per capita spend, fourth in instant ticket per capita spend, and 17<sup>th</sup> in total overall sales out of 44 U.S. lotteries<sup>3</sup> despite being one of the smallest states. Last year we returned a record \$285.5 million dollars to the General Fund. While this is all positive news, the lottery industry in this state is mature and growth must come from creative marketing programs and products as well as new and modern distribution channels. It is becoming increasingly difficult to maintain, never mind increase, our General Fund contributions. It is imperative that we appeal to changing demographics and an innovative, exciting and consumer driven website is part of this. This is especially significant during this time when every dollar matters to our state.

Lastly, we would prefer the JFS language be adopted below that would more clearly state that this bill authorizes interactive on-line educational and promotional programs and maintains the current prohibition on wagering over the internet.

Thank you for your time and attention, and I would be happy to answer any questions you may have.

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<sup>2</sup> Loyalty monitor study by Total Research Corporation and Custom Marketing Corporation.

<sup>3</sup> LaFleur's Magazine, vol. 18, January/February 2011, p. 38-39.

JFS Language for Consideration:

***AA Regarding Lottery Games***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 12-806(b)(4) of the general statutes is repealed and the following is substituted in lieu thereof (Effective July 1, 2011):

(b) (4) To introduce new lottery games, modify existing lottery games, utilize existing and new technologies, determine distribution channels for the sale of lottery tickets and, to the extent specifically authorized by regulations adopted by the Division of Special Revenue pursuant to chapter 54, introduce instant ticket vending machines, kiosks and automated wagering systems or machines, with all such rights being subject to regulatory oversight by the Division of Special Revenue, except that the corporation shall not offer any interactive on-line lottery games, including on-line video lottery games for promotional purposes but this exclusion shall not include on-line educational tutorial or promotional marketing including a players rewards program ;

